

Investors in a business in California may be sitting down today to determine whether their 2-year plan includes expanding to Nevada with, for instance, a manufacturing plant that will employ 200 people. They are excited about the possibilities, but there are too many blank spaces when it comes time to crunch the numbers. Weighing heavily in their calculations, they are concerned that the current dividends and capital gains tax rates will expire in 2008. Because of the uncertainty of those critical factors, they are leery about the prospects.

They will make that decision about expanding and reinvesting in their businesses today. Not next year and not the year after that. Today. But we have tied one hand behind their back. We are standing in the way of their growth and potential if we do not extend the dividends and capital gains tax rates. They need that assurance today so that they can expand, create jobs, and help our economy continue to grow.

The economic growth we have seen since lower tax rates were enacted in the Jobs and Growth Tax Relief Reconciliation Act of 2003 is exactly why we must extend the rates. Dividend distributions are up. Corporate investment in new property, plant, and equipment has surged. The economy has grown for 10 consecutive quarters.

These are impressive results, and they are not just about business succeeding. The impact is being felt by families, seniors, and low-income individuals. With more than 50 percent—50 percent—of American households owning stocks or mutual funds, the reach of dividends and capital gains rates is significant. Today, many senior citizens rely on dividends and capital gains to supplement their Social Security. And lower and middle-income families are benefiting as well.

Without this extension, our economy will take a hit, and so will working families across Nevada. Instead of closing doors on them, we need to create certainty in our Tax Code and opportunity for our economy. Although the tax rates don't expire until 2008, we don't have the luxury of waiting 2 years to extend this. By then, too many investors and businesses will have made their decisions not to grow, not to build, and not to hire. It will be too late.

We are part of a global economy that is constantly moving and changing. If we don't allow investment to fuel our competitiveness and innovation, we will pay the price, and so will future generations.

It is not just one business in California deciding whether to move to Nevada, and it is not just the 200 employees who could have found work there; it is about investors and companies across our Nation and it is about working families throughout this country, and it is about the future of our economy.

There aren't many factors that Congress controls when it comes to capital

and business investment. This is one of them, and we must join together to ensure continued economic growth.

I yield the floor.

The PRESIDING OFFICER. The Senator from Wyoming is recognized.

THE ECONOMY

Mr. THOMAS. Mr. President, I come to the floor also to talk about where we are and, more importantly, where we need to go with respect to the economy that impacts all of us in various ways. It seems appropriate to emphasize some of the key points about the health of our economy, about what is doing very well, and about what we need to be working on now to ensure that this continues, and also to have 20/20 vision about where we want to be and what we need to do to get there.

I am disappointed about the slowness in our moving this year and a certain amount of obstructionism that seems to be going on in terms of moving forward. Nevertheless, we ought to keep in mind that over the last year, we have been able to accomplish a great deal and the challenge is there to move forward.

We have been able to keep the taxes relatively low, which, obviously, is a key factor in our economy, and we need to make sure it continues that way. We have certainly been able to do what is necessary to work toward having a strong health care program in this country, and that is a great challenge for us. We did do something last year with pharmaceuticals, making them available, and even though the process was a little difficult, now we are seeing great increases in the number of people who are able to obtain pharmaceutical drugs at a more reasonable rate.

We have assured that there will be more opportunities for job training and training in technologies so that we will have more research and will be able to continue to lead the world in terms of our economy.

I think one of the more important things we did last year was to pass an energy bill that gives us some direction in terms of one of the most important elements of our economy. There were other accomplishments as well last year. We passed legislation to end frivolous lawsuits, which has had a great impact on many aspects of our economy. We put some judges in place with a fair process.

We need to be reminded sometimes of how well our economy is doing in terms of real growth. The GDP growth experienced in 2005 was at a rate of 3.5 percent for the year as a whole, while inflation remained at 2 percent. So that is very good. Those are very good numbers, and it is better than what we have experienced over a number of years, and certainly it is exactly what we want to do.

Real disposable income rose at 4 percent in December. We are up 1.4 percent for the year 2005. The aftertax in-

come per person has risen almost 8 percent. Real household net worth is at an all-time high. This is good, and we need to make sure we understand that.

Retail sales have risen, again, 7 percent in December and 6.4 percent for the whole year. So that is very good.

Employment growth remains high. Employers created 2 million new jobs in 2005, resulting in a less than 5-percent unemployment rate at the end of the year.

Since 2003, when the tax cut went into effect, there have been almost 5 million new jobs created. That is a good sign, and we ought to understand it is the impact of that tax cut. Job growth is often affected and impacted, as is the total economy, by what we do with taxes. We have a great deal of controversy about it, of course. When we have the unusual expenses of the war on terrorism and of Katrina, it makes it difficult as we look at our budget. But the fact is the discretionary part of the budget has been held down. We need to get the job completed in Iraq, complete our work there and reduce that spending and bring our troops home. All of us want to do that.

The point I want to make is we have had a very favorable impact from what has been done over the last couple of years, and the thing we are seeking to do right now is continue those tax reductions that will strengthen the economy and continue to help. As I said, employment remains high. That is good. Job creation is what we want to do. We have to deal with immigration, of course. Even though we do need immigrants and workers here, we need to be legal. But we have this job creation thing that we need to continue to work on.

One of the real challenges we have before us is to deal some more with energy. As I said, last year we passed energy policies that I think were excellent. Now, of course, we have to implement those policies. We dealt last year with the question of alternative fuels in the future, whether we will be able to use wind energy, be able to use bioenergy, be able to use ethanol, all of these kinds of things. Those are future activities, and we will be able to do that. That challenge is to have the technology and the funding for the research to be able to move into those fields. That is something we can do and indeed we must do.

Coupled with that is another challenge. Those changes are going to be over a relatively long time, at least several years, where we are faced immediately with shortages and dependence on world production and with costs. We are working on a budget that will provide funding for doing research in the short term.

There are opportunities, for instance, in Wyoming and many of the energy production States where we have new sources of fairly immediate energy. We can do some things with coal, for example, our largest fossil fuel. We can make some conversions from coal into

gas; we can make conversion into hydrogen and do those things in a fairly short term. Of course, gas is more flexible than coal, so if we can do something there, that would be good. We have an opportunity to go into shale oil which is a different source than we have used in the past. It takes research to get there. We need to be doing that.

Coupled with that, of course, to keep our economy going and make sure we deal with the energy issue is conservation and efficiency. There is a great challenge there, to use less energy in our economy and be more conservative in our use—whether it is automobiles or buildings. Clearly, we can do more in that area than we have done. That is a challenge we have before us. That will have a great impact on the economy.

Home sales are at a record level. More people than ever own their homes, and that is a great thing. We need to ensure that continues to happen and we have the tax incentives and other regulations in order to do that.

When we put in place some of the tax reductions that helped the economy, another impact of it has been an increase in revenues. Tax cuts not only leave more money in the pockets of Americans but have also resulted in fairly dramatic increases in receipts to the Treasury. Tax collections from nonsalaried income were up 32 percent as a result of tax reductions on capital gains and these sorts of things. They cause more investment and more activities, which are then taxed and bring money in. Capital gains collections brought in almost \$80 billion, up from almost \$50 billion from 2002.

The broad point is we are able to do some things that strengthen the economy, that allow people to create more jobs and invest more in the economy by reducing taxes and, at the same time, because of the economic growth, increase revenue.

All these results point to continuing to pursue that. Actually, in January we ran up one of the highest surpluses in the last 4 years—\$21 billion. That is a great thing. Now we have to take a little longer look at spending on the other side so we can balance these things out.

Health care is another concern. We need to take some long looks at that. We need to provide the opportunity for health care for everyone. Accessibility becomes difficult because of the costs. I am from a rural area. Rural health care is one of the issues we have. We have done some things there.

Overall, we have seen some real growth in the economy and some good things happening. We have an opportunity to continue to do that. I hope we will get moving with the things that are here and continue to do the things that help this economy and do good for the American people.

The PRESIDING OFFICER (Mr. COBURN). The Senator from the great State of Oregon.

Mr. WYDEN. I ask unanimous consent to speak for up to 20 minutes as in morning business.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE ALTERNATIVE MINIMUM TAX

Mr. WYDEN. Mr. President, millions of Americans are now going through a paperwork nightmare, trying to complete their taxes. They are trying to find their 1099s and their W-2s and their schedule this and schedule that. They shout across the room: Honey, can you find the copy of the receipt for that copier we bought back in March?

What I am going to do between now and April 15 is highlight some of the ways this Tax Code gratuitously complicates the lives of all our citizens—middle-income folks, low-income folks, and the affluent. I am going to be pointing out specific provisions in the Tax Code and try to describe how it does not have to be this way. We do not have to have a “deadwood” tax bureaucracy, where we now have had more than 14,000 changes. That comes to something akin to three for every working day in the last 20 years.

Our citizens are going to spend more this year complying with the Tax Code than this country spends on higher education. We are going to spend \$140 billion complying with the needless kind of bureaucracy that I am going to describe this morning. It is my intent between now and April 15 to discuss this. I am going to start today with the alternative minimum tax, which is true water torture for middle-class folks who basically have to figure out two taxes, their taxes and the alternative minimum tax. There is a whole set of complicated procedures here. After I complete this week's presentation on the alternative minimum tax, it is my intention to go next to the earned income tax, which is also mindlessly complicated.

Then I intend to focus on a number of the provisions for those who are very affluent that strike me, again, as defying common sense in how they are written.

Today, I want to begin by focusing on the alternative minimum tax. It is, of course, a crushing tax for millions of middle-income people, folks who definitely do not consider themselves fat cats. Across this country, 3.6 million taxpayers were impacted by the alternative minimum tax this year. The number is expected to rise to over 19 million by 2006 unless the Congress acts this year.

The form that you use for the alternative minimum tax is form 6251. The first line sums up what all of this has come to. The first line says:

If filing Schedule A (form 1040), line 41 (minus any amount on form 8914, line 2) and go to line 2. Otherwise enter the amount from form 1040, line 38 (minus any amount on form 8914, line 2) and go to line 7. (If less than zero, enter as a negative amount.)

I think it is pretty obvious that what I have read is, for all practical pur-

poses, incomprehensible. You would have to have a Ph.D. in economics. What it means is that in order to fill out form 6251 for your minimum tax you have to fill out not just form 1040 but also form 8914. How much time is that going to add to tax preparation? What about trying to understand form 8914, for those who may have to fill it out?

Are people in this country going to have to become CPAs to fill out this tax requirement that affects millions of middle-class people? I bring this up because it does not have to be this way.

I would like to now post the alternative that I have developed in my Fair Flat Tax Act, S. 1927. On line 1, instead of all the mumbo jumbo I read—it is real simple—all you have to state is whether you are single, married, head of a household, qualifying widower.

I filled out my one-page 1040 form that my legislation mandates in about a half hour. That alone is a bit of a revolution in the Senate Finance Committee, or the tax-writing committee in the other body, because it has been a long time since anybody who wrote tax laws could fill out their own returns. I bring this up only by way of saying let's make sure people understand how much deadwood and legal mumbo jumbo and needless complication there is in the Tax Code. That is why I have started today with the burdensome requirements of the alternative minimum tax. But I am going to go on, in the weeks ahead, to a number of other kinds of provisions.

As a result of what I read on the alternative minimum tax, lots of folks simply turn to tax preparers. This year we will spend \$140 billion on tax preparation. That is more than the Government spends on higher education. It is pretty obvious why. There were 14,000 changes in the Tax Code since the last major overhaul, three significant changes for every working day in the last 20 years.

What I do in my fair flat tax legislation is simply say to the distinguished Presiding Officer of the Senate, the distinguished Senator from Oklahoma: You take your income from all your sources, you subtract your deductions, you add your credits, add it all up, send it to the IRS, and say: Have a nice day, I am done.

One page, 1040 form—somebody called me about it yesterday and we discussed how long it took me to do it. I mentioned I could do mine in half an hour. They said: Ron, it only took me 15 minutes.

That is what this is all about. I am not sure the Congress understands how this body has permitted this mindless bureaucracy, a bureaucracy that only can be described as deadwood, a bureaucracy that has lost all kind of connection with what the middle class in this country is all about. And I want to change it.

I believe we ought to start tax reform by simplifying the Code. Then let us